

ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2012

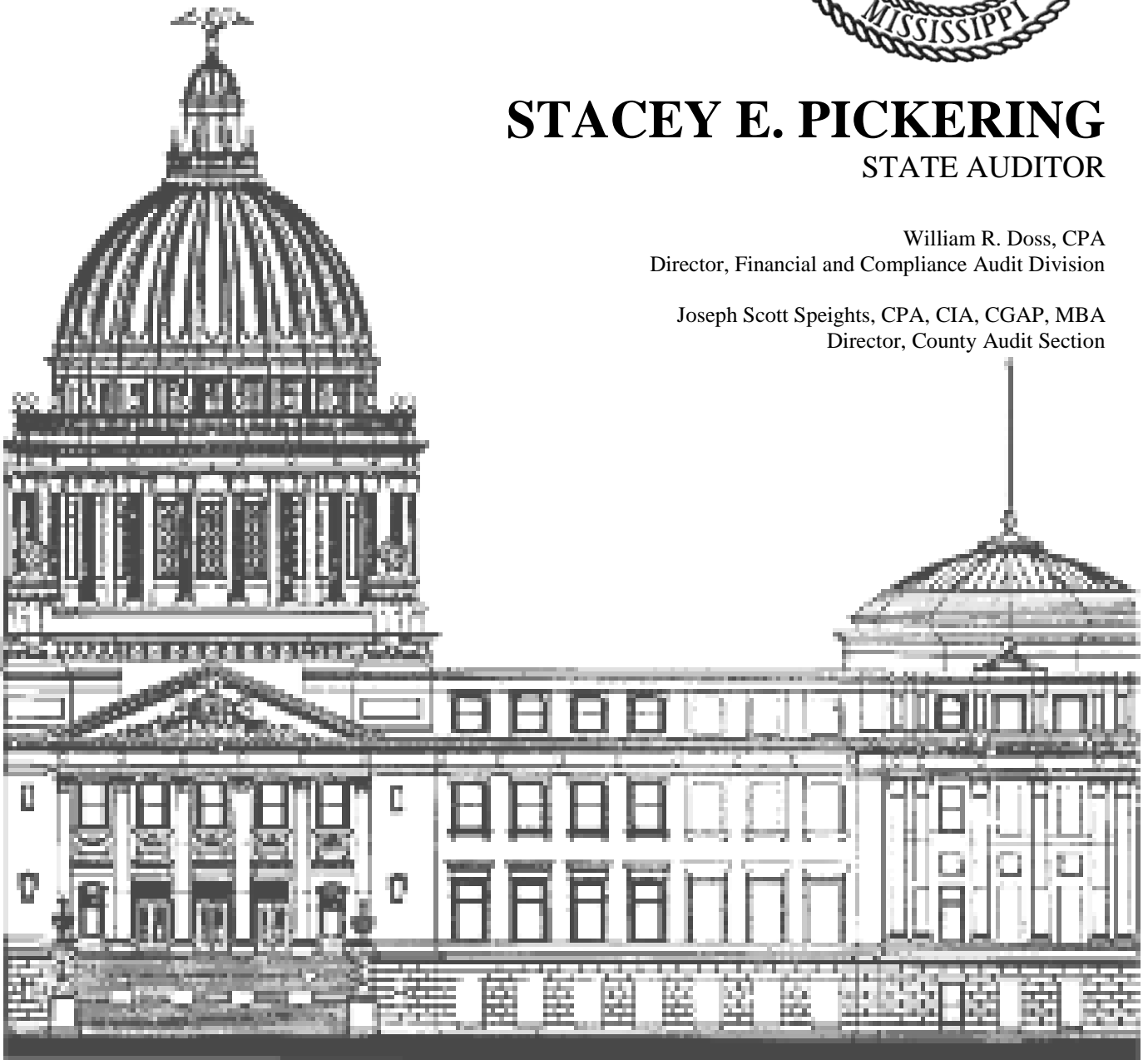


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

October 21, 2013

Members of the Board of Supervisors
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2012 financial and compliance audit report for Attala County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Attala County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Attala County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

ATTALA COUNTY

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ATTALA COUNTY

FINANCIAL SECTION

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Attala County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, Attala County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.


The financial statements do not include financial data for the County's legally separate component unit. Accounting principles applicable to the County's cash basis of accounting require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net assets, receipts and disbursements of the discretely presented component unit is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles applicable to the County's cash basis of accounting, the cash basis financial position of the aggregate discretely presented component unit of Attala County, Mississippi, as of September 30, 2012, or the changes in cash basis financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2012, and the respective changes in cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Attala County, Mississippi's basic financial statements. The Budgetary Comparison Schedules, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

A handwritten signature in black ink, appearing to read "Will R. Dooss".

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 21, 2013

ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY
Statement of Net Assets - Cash Basis
September 30, 2012

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 9,559,954
Total Assets	<u>9,559,954</u>
NET ASSETS	
Restricted:	
Expendable:	
General government	41,614
Public safety	222,273
Public works	3,819,081
Economic development and assistance	839
Debt service	166,717
Unemployment compensation	48,851
Unrestricted	<u>5,260,579</u>
Total Net Assets	<u>\$ 9,559,954</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Activities- Cash Basis
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,198,551	423,188	205,680		(2,569,683)
Public safety	2,008,093	340,277	66,594		(1,601,222)
Public works	3,056,635		720,238	113,551	(2,222,846)
Health and welfare	234,700		26,186		(208,514)
Culture and recreation	103,075				(103,075)
Education	195,776				(195,776)
Conservation of natural resources	99,200				(99,200)
Economic development and assistance	276,681		194,352		(82,329)
Debt service:					
Principal	345,875				(345,875)
Interest	78,874				(78,874)
Total Governmental Activities	<u>9,597,460</u>	<u>763,465</u>	<u>1,213,050</u>	<u>113,551</u>	<u>(7,507,394)</u>
General receipts:					
Property taxes				\$	6,366,647
Road & bridge privilege taxes					233,224
Grants and contributions not restricted to specific programs					392,129
Unrestricted interest income					39,152
Miscellaneous					714,411
Proceeds from debt issuance					85,350
Sale of county property					100,240
Total General Receipts					<u>7,931,153</u>
Changes in Net Assets					423,759
Net Assets - Beginning of year					<u>9,136,195</u>
Net Assets - End of year				\$	<u>9,559,954</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2012

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 3,690,791	1,558,707	4,310,456	9,559,954
Total Assets	<u>\$ 3,690,791</u>	<u>1,558,707</u>	<u>4,310,456</u>	<u>9,559,954</u>
FUND BALANCES				
Restricted for:				
General government			41,614	41,614
Public safety			222,273	222,273
Public works			3,819,081	3,819,081
Economic development and assistance			839	839
Debt service			166,717	166,717
Unemployment compensation			48,851	48,851
Committed to:				
Public works			11,081	11,081
Assigned to:				
General government		1,558,707		1,558,707
Unassigned	3,690,791			3,690,791
Total Fund Balances	<u>\$ 3,690,791</u>	<u>1,558,707</u>	<u>4,310,456</u>	<u>9,559,954</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

Exhibit 4Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds

For the Year Ended September 30, 2012

	Major Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Projects	Funds	Funds
	Fund	Fund		
RECEIPTS				
Property taxes	\$ 3,903,235	145,809	2,317,603	6,366,647
Road and bridge privilege taxes			233,224	233,224
Licenses, commissions and other receipts	259,468		5,867	265,335
Fines and forfeitures	202,985		10,511	213,496
Intergovernmental receipts	689,311		1,029,419	1,718,730
Charges for services	77,048		207,586	284,634
Interest income	19,149	5,285	14,718	39,152
Miscellaneous receipts	464,489	135,889	114,033	714,411
Total Receipts	5,615,685	286,983	3,932,961	9,835,629
DISBURSEMENTS				
General government	2,938,133	30,334	230,084	3,198,551
Public safety	1,727,772		280,321	2,008,093
Public works	146,897		2,909,738	3,056,635
Health and welfare	234,700			234,700
Culture and recreation	103,075			103,075
Education	195,776			195,776
Conservation of natural resources	99,200			99,200
Economic development and assistance	118,518		158,163	276,681
Debt service:				
Principal			345,875	345,875
Interest			78,874	78,874
Total Disbursements	5,564,071	30,334	4,003,055	9,597,460
Excess (Deficiency) of Receipts over Disbursements	51,614	256,649	(70,094)	238,169
OTHER CASH SOURCES (USES)				
Proceeds from debt issuance			85,350	85,350
Sale of county property	1,200		99,040	100,240
Transfers in			110,890	110,890
Transfers out	(83,317)	(27,573)		(110,890)
Total Other Cash Sources and Uses	(82,117)	(27,573)	295,280	185,590
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	(30,503)	229,076	225,186	423,759
Cash Basis Fund Balances - Beginning of year	3,721,294	1,329,631	4,085,270	9,136,195
Cash Basis Fund Balances - End of year	\$ 3,690,791	1,558,707	4,310,456	9,559,954

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2012

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 134,761
Total Assets	\$ 134,761
LIABILITIES	
Amounts held in custody for others	\$ 134,761

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

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ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Attala County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component unit which has a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles applicable to the county's cash basis of accounting.

- Montfort Jones Memorial Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Assets – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund – This fund is used to account for and report all receipts and disbursements for various county projects including but not limited to improvements for the county courthouse.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at book value. However, the county did not invest in any governmental securities during the fiscal year.

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in two components:

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Chancery Clerk pursuant to authorization established by the Board of Supervisors.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2012, was \$9,694,715, and the bank balance was \$10,019,422. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2012:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 83,317
Other Governmental Funds	Capital Projects Fund	27,573
Total		<u>\$ 110,890</u>

The principal purpose of interfund transfers was to provide funds for operating expenses. General Fund transferred \$83,317 to various funds. Capital Projects Fund transferred \$24,416 to CDBG Business Incubator and \$3,157 to correct negative cash balance. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Venture.

The County participates in the following joint venture:

Attala County is participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport and is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The county has contributed \$10,000 from the General Fund to the joint venture in fiscal year 2012. Financial statements are not available for the Attala County Airport Commission.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County contributed \$533,931 for maintenance and support of the college in fiscal year 2012.

Mid-Mississippi Regional Library System operates in a district composed of the Counties of Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The County contributed \$219,404 for maintenance and support of the library in fiscal year 2012.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The County contributed \$50,000 for maintenance and support of the center in fiscal year 2012.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The County did not provide any support for the district in fiscal year 2012.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints five of the 35 members of the board of directors. The County contributed \$47,518 for support of the district in fiscal year 2012.

(8) Defined Benefit Pension Plan.

Plan Description. Attala County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011 and 2010 were \$408,246, \$359,290 and \$359,885, respectively, equal to the required contributions for each year.

ATTALA COUNTY

OTHER INFORMATION

ATTALA COUNTY

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ATTALA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2012
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,964,360	3,903,235	3,903,235	
Licenses, commissions and other receipts	286,300	259,468	259,468	
Fines and forfeitures	209,450	202,985	202,985	
Intergovernmental receipts	428,800	689,311	689,311	
Charges for services	80,000	77,048	77,048	
Interest income	37,700	19,149	19,149	
Miscellaneous receipts	457,094	464,489	464,489	
Total Receipts	<u>5,463,704</u>	<u>5,615,685</u>	<u>5,615,685</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,930,328	2,938,133	2,938,133	
Public safety	1,537,260	1,727,772	1,727,772	
Public works	176,145	146,897	146,897	
Health and welfare	293,800	234,700	234,700	
Culture and recreation	113,658	103,075	103,075	
Education		195,776	195,776	
Conservation of natural resources	110,271	99,200	99,200	
Economic development and assistance	142,518	118,518	118,518	
Total Disbursements	<u>5,303,980</u>	<u>5,564,071</u>	<u>5,564,071</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>159,724</u>	<u>51,614</u>	<u>51,614</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		1,200	1,200	
Transfers out		(83,317)	(83,317)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(82,117)</u>	<u>(82,117)</u>	<u>0</u>
Net Change in Fund Balance	159,724	(30,503)	(30,503)	
Fund Balances - Beginning	<u>3,841,097</u>	<u>3,721,294</u>	<u>3,721,294</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,000,821</u>	<u>3,690,791</u>	<u>3,690,791</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

ATTALA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Capital Projects Fund
For the Year Ended September 30, 2012
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$	145,809	145,809	
Interest income	6,000	5,285	5,285	
Miscellaneous receipts	108,734	135,889	135,889	
Total Receipts	<u>114,734</u>	<u>286,983</u>	<u>286,983</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	255,482	30,334	30,334	
Debt service:				
Principal	41,403			
Total Disbursements	<u>296,885</u>	<u>30,334</u>	<u>30,334</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(182,151)</u>	<u>256,649</u>	<u>256,649</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers out		(27,573)	(27,573)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(27,573)</u>	<u>(27,573)</u>	<u>0</u>
Net Change in Fund Balance	(182,151)	229,076	229,076	0
Fund Balances - Beginning	<u>1,307,467</u>	<u>1,329,631</u>	<u>1,329,631</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,125,316</u>	<u>1,558,707</u>	<u>1,558,707</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

ATTALA COUNTY
Schedule of Interfund Advances
For the Year Ended September 30, 2012
UNAUDITED

The following is a summary of interfund balances at September 30, 2012:

A. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2012</u>
General	Other Governmental Funds	\$ <u>21,789</u>

The amount payable to the General Fund represents an amount transferred in a previous year to the Reappraisal Maintenance Fund to alleviate a cash deficit

ATTALA COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2012
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2011	Additions	Deletions	Balance Sept. 30, 2012
Land	\$ 896,813	32,349		929,162
Construction in progress	100,934	1,812,832		1,913,766
Infrastructure	13,117,608			13,117,608
Buildings	9,079,425			9,079,425
Mobile equipment	6,767,245	192,861	90,218	6,869,888
Furniture and equipment	353,876			353,876
Leased property under capital leases	<u>1,034,903</u>	<u>252,700</u>	<u>190,500</u>	<u>1,097,103</u>
Total capital assets	\$ <u>31,350,804</u>	<u>2,290,742</u>	<u>280,718</u>	<u>33,360,828</u>

ATTALA COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2012
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2011	Issued	Principal Payments	Balance Sept. 30, 2012
Governmental Activities:							
A. General Obligation Bonds:							
Series 2005 industrial bonds (Jack Post Property)	02/2005	02/2020	4.88-5.50%	\$ 1,315,000		115,000	1,200,000
B. Capital Leases:							
2006 Caterpillar grader	12/2006	01/2012	4.38%	100,500		100,500	
2006 Caterpillar grader	12/2006	01/2013	4.25%	34,937		28,964	5,973
140H Caterpillar motor grader	08/2008	07/2013	3.26%	61,780		30,890	30,890
140H Caterpillar motor grader	10/2008	07/2013	3.45%	54,800		27,400	27,400
Caterpillar 930G loader	04/2009	01/2013	3.00%	22,500		15,000	7,500
2010 John Deere 6430 tractor	06/2010	01/2014	4.50%	31,250		12,500	18,750
2010 John Deere 6330 tractor	02/2011	01/2015	3.50%	57,181		15,621	41,560
Case 580 Super N backhoe	02/2012	01/2013	2.49%		37,000		37,000
Caterpillar 12M road grader	03/2012	07/2015	2.74%		48,350		48,350
Total				\$ 1,677,948	85,350	345,875	1,417,423

The accompanying notes to the Other Information are an integral part of this statement.

ATTALA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2012
UNAUDITED

Name	Position	Company	Bond
John Edward Womble	Supervisor District 1	Travelers	\$100,000
Charles Fancher	Supervisor District 2	Travelers	\$100,000
Troy R. Hodges	Supervisor District 3	Travelers	\$100,000
Kary Ellington	Supervisor District 4	Travelers	\$100,000
Timothy C. Pinkard	Supervisor District 5	Travelers	\$100,000
Gerry Taylor	Chancery Clerk	Travelers	\$100,000
Kristian Shane Cook	Purchase Clerk	Travelers	\$75,000
Bessie Kennedy	Receiving Clerk	Travelers	\$75,000
Betty Jackson	Assistant Receiving Clerk	Travelers	\$50,000
Beth Wheelless	Assistant Receiving Clerk	Travelers	\$50,000
Lula G. Thompson	Assistant Receiving Clerk	Travelers	\$50,000
Gerry Taylor	Inventory Control Clerk	Travelers	\$75,000
Tony Parks	Constable	Travelers	\$50,000
William V. Roby	Constable	Travelers	\$50,000
Wanda Fancher	Circuit Clerk	Travelers	\$100,000
Robert "Tim" Nail	Sheriff	Travelers	\$100,000
Sylvia Lawrence	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Travelers	\$50,000
Robert T. Jordan	Justice Court Judge	Travelers	\$50,000
Ronald Stewart	Justice Court Judge	Travelers	\$50,000
Murilean Hogsett	Justice Court Clerk	Travelers	\$50,000
Angela Shaw	Deputy Justice Court Clerk	Travelers	\$50,000
Donna Mangrum	Deputy Justice Court Clerk	Travelers	\$50,000
Kempe T. Hodges	Tax Collector-Assessor	Travelers	\$100,000
Samuel M. Bell	Coroner	Travelers	\$50,000

ATTLA COUNTY

Notes to the Other Information For the Year Ended September 30, 2012 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County, is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2012, the amount of outstanding debt was equal to less than 1% of the latest property assessments.
- B. Hospital Special Obligation Bond Contingencies - The County issued special obligation bonds to provide funds for constructing and improving capital facilities of the Montfort Jones Memorial Hospital. Special obligation bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital special obligation bonds outstanding at September 30, 2012, is \$6,500,000.
- C. Subsequent Events.

Subsequent to September 30, 2012, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/05/2012	2.23%	\$ 60,000	Capital lease	Ad valorem taxes
12/03/2012	2.20%	24,525	Capital lease	Ad valorem taxes
09/10/2013	2.25%	60,000	Capital lease	Ad valorem taxes

ATTALA COUNTY

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ATTALA COUNTY

SPECIAL REPORTS

ATTALA COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Attala County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 21, 2013. Our report includes an adverse opinion on the discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Attala County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as 12-1, 12-2, 12-3 and 12-4 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Attala County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 21, 2013, included within this document.

Attala County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Attala County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss".

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 21, 2013



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of Attala County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Attala County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

Capital asset purchases and deletions should be recorded in capital asset records.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions. The subsidiary records did not include some additions for capital asset purchases totaling \$69,267. Furthermore, several capital assets totaling \$90,218 which had been sold were not deleted from the subsidiary records. Another capital asset was recorded as mobile equipment instead of leased property under capital leases. Failure to record all capital asset transactions could result in the loss of capital assets.

Recommendation

The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records.

Inventory Control Clerk's Response

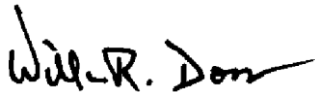
Attala County will follow the recommendation of the audit department.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Attala County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Attala County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss", with a stylized flourish at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 21, 2013

ATTALA COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2012

Our test results did not identify any purchases from other than the lowest bidder.

ATTALA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2012

Schedule 2

Our test results did not identify any emergency purchases.

ATTALA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2012

Our test results did not identify any purchases made noncompetitively from a sole source.

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi (the County) for the year ended September 30, 2012, we considered Attala County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Attala County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 21, 2013, on the financial statements of Attala County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Interfund loan should be repaid.

Finding

The Mississippi Code is silent regarding the authority of the County to make interfund loans. The County has an interfund loan outstanding that is over a year old. This interfund loan for \$21,789 was to alleviate a cash deficit in the Reappraisal Maintenance Fund. Failure to repay this loan constitutes a diversion of legally restricted funds.

Recommendation

The Board of Supervisors should ensure that this loan is repaid as soon as possible.

Board of Supervisors' Response

The Board of Supervisors will repay the loan as soon as possible.

Sheriff

2. Sheriff's surety bond does not cover his elected term

Finding

Section 19-25-5, Miss. Code Ann. (1972), requires the Sheriff to execute a bond for \$100,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Sheriff's bond was written for an indefinite time period. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

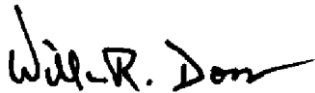
The current bond should be cancelled and a new one secured for the duration of the current term.

Sheriff's Response

This has already been done.

Attala County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 21, 2013

ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component unit | Adverse |
| | General Fund | Unqualified |
| | Capital Projects Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

- 12-1. Credit card transactions should be reconciled.

Finding

An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections. As reported in prior four years' audit reports, the Tax Assessor-Collector was unable to reconcile credit card transactions. Failure to implement adequate controls over the collection, recording and disbursement functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that records of the credit card transactions are properly maintained and reconciled to the bank accounts in a timely manner.

Tax Assessor-Collector's Response

The Tax Collector's Office keeps a copy of every credit card transaction in the office. We match copy to bank account and to a copy sent from credit merchant.

Auditor's Note

The Tax Assessor-Collector needs to obtain a detailed listing of all specific credit card amounts remitted to the bank in order to reconcile to the bank account.

ATTALA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2012

Significant Deficiency

12-2. Transactions should be posted to the Tax Assessor-Collector's cash journal daily.

Finding

An effective system of internal control over cash includes the posting of daily collections and disbursements to the cash journal in a timely manner. As reported in the prior year's audit report, the Tax Assessor-Collector did not maintain the cash journal on a timely basis. The Tax Assessor-Collector prepared a cash journal but failed to post to the journal for a number of weeks prior to the cash count on April 10, 2013. Failure to post daily transactions to the cash journal in a timely manner could result in late or improper settlement of ad valorem taxes.

Recommendation

The Tax Assessor-Collector should post transactions to the cash journal daily.

Tax Assessor-Collector's Response

- a. We carry the balance of the end of the month to the beginning of the next month on the journal.
- b. We have not been told to keep a complete record start from mailing out letters to final collection.
- c. We have one column on journal for cash received. We list the credit cards on top and the deposit cash and checks under the credit card amount.

Circuit Clerk.

Significant Deficiency

12-3. Separation of duties in the Circuit Clerk's office should be strengthened

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior three years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

A system of review has been implemented. The two deputy clerks write the receipts, make deposits and disburse funds.

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2012

Significant Deficiency

12-4. Settlements in the Circuit Clerk's office should be made monthly.

Finding

An effective system of internal control over the accounting of revenues should include timely settlements of collections to the proper party. As reported in the prior three years' audit reports, the Circuit Clerk did not make timely settlements to the Chancery Clerk during the audited fiscal year.

Recommendation

The Circuit Clerk should make monthly settlements of all collections.

Circuit Clerk's Response

All efforts will be made to make monthly settlements of collections.